

**IN THE UNITED STATES DISTRICT COURT**  
**FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

**UNITED STATES OF AMERICA :**      **CRIMINAL NO. 05-\_\_\_\_\_**

**v. :**      **DATE FILED:**

**JAE LEE**  
**SU CHUL LEE**

**:**      **VIOLATIONS:**  
                  **31 U.S.C. §§ 5313, 5322(b);**  
                  **31 C.F.R. §§ 103.11, 103.22**  
                  **(Failure to file CTRs - 4 counts);**  
                  **31 U.S.C. §§ 5318( h), 5322(b);**  
                  **31 C.F.R. §§ 103.125, 103.28**  
                  **(Failure to create and retain proper**  
                  **records - 2 counts)**

**INFORMATION**

**THE UNITED STATES ATTORNEY CHARGES THAT:**

**INTRODUCTION**

At all times material to this Information:

**\_\_\_\_\_K-One Capital Inc. - The Money Service Business**

1. K-One Capital Inc. (K-One) was a check cashing business located in Manhattan at 499 7<sup>th</sup> Avenue, New York City, New York, and, as such, constituted a financial institution as defined under 31 Code of Federal Regulations (C.F.R.), Section 103.11 (uu)(2), that is, it was engaged in a monetary services business as a check casher.

2. As a financial institution, K-One was required to implement policies and procedures reasonably designed to prevent the money services business from being used to facilitate money laundering, among other things. To this extent, it was required to create and retain records and properly verify the identity of its check-cashing customers. 31 C.F.R. § 103.125.

3. As a financial institution, K-One was required to file currency transaction reports

(CTRs) involving any transactions in currency of more than \$10,000, including cashing of checks. This included multiple currency transactions that were by, or on behalf of, any person and resulted in either cash in, or cash out, totaling more than \$10,000 during any one business day. 31 C.F.R. § 103.22.

4. K-One was also required, before concluding any transaction where a CTR was required under § 103.22, to verify and record the name and address of the check casher as well as the identity, account number, social security or taxpayer identification number of any person or entity on whose behalf the transaction was made. 31 C.F.R. § 103.28.

### **The Defendants**

5. Defendant **SU CHUL LEE** was the President and owner of K-One. Among other things, defendant **SU CHUL LEE** was responsible for administrative oversight of the record-keeping procedures of the business, which included implementing procedures to assure proper documentation, verification and identification of the check-cashing customers of K-One, as required under 31 C.F.R. §§ 103.125 and 103.28.

6. Defendant **JAE LEE** was a director and supervisor at K-One, and was responsible for the overall management and operations of the money service business. This involved, among other things, oversight of check-cashing procedures, bank deposits, cash disbursements, and the filing of CTR's as required under 31 C.F.R. § 103.22.

### **The Check Cashing Operation**

7. Between approximately January 2000 and December 2003, defendant **JAE LEE**, as manager of K-One, routinely cashed or authorized the cashing of multiple checks totaling more than \$10,000 for individual customers, or on behalf of a single individual or single entity, during a

single business day without filing a CTR as required under 31 C.F.R. § 103.22. On various occasions, single checks in excess of \$10,000 were also cashed for particular customers of K-One without the filing of a CTR as required.

8. Between approximately January 2000 and December 2003, defendant **JAE LEE**, through K-One, cashed checks or authorized the cashing of checks totaling approximately \$6.7 million involving approximately 103 transactions for particular customers from the Eastern District of Pennsylvania, without filing the requisite CTRs, and did so as part of a pattern of illegal activity involving more than \$100,000 in a 12-month period, in the approximate sums set forth below:

<i>Dates</i>	<i>Total Transactions</i>	<i>Total Dollar Amount</i>
January 2000 - December 2000	43	\$3,010,679.31
January 2001 - December 2001	23	\$1,285,517.30
January 2002 - December 2002	17	\$ 1,235,357.67
January 2003 - December 2003	20	\$1,194,404.65

9. Between approximately July 2002 and December 2003, defendant **SU CHUL LEE** failed to insure that K-One created and retained adequate records and obtained proper verification of customer identity, including customers from the Eastern District of Pennsylvania, involving approximately \$1.9 million in transactions, as required to be implemented by money services businesses under the anti-money laundering provision of 31 C.F.R. § 103.125(d)(1).

#### COUNTS 1-4

#### **THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:**

Paragraphs 1 through 9 of the Introduction are alleged as if fully restated.

10. On or about the dates set forth below, in the Southern District of New York and elsewhere, defendant **JAE LEE** on behalf of K-One knowingly and willfully failed to file Currency Transaction Reports required by Section 5313(a) of United States Code, and the regulations promulgated thereunder, 31 Code of Federal Regulations, Section 103.22, and did so as part of a pattern of illegal activity involving more than \$100,000 in a 12-month period, which transactions involved cashing multiple checks presented by the same customer on the dates and in the approximate sums set forth below:

<i>Count</i>	<i>Transaction Date</i>	<i>Number of Checks</i>	<i>Transaction Dollar Amount</i>
1	August 25, 2000	16	\$94,030.93
2	July 20, 2001	15	\$93,910.64
3	August 2, 2002	19	\$97,232.68
4	November 12, 2003	30	\$101,462.40

All in violation of Title 31, United States Code, Sections 5313 and 5322(b); 31 Code of Federal Regulations, Sections 103.11 and 103.22; and Title 18, United States Code, Section 2.

**COUNTS 5 AND 6**

**THE UNITED STATES ATTORNEY FURTHER CHARGES THAT:**

Paragraphs 1 through 9 of the Introduction are alleged as if fully restated.

11. From in or about July 2002 through December 2003, in the Southern District of New York and elsewhere, the defendant **SU CHUL LEE** knowingly and willfully failed to implement at K-One, appropriate procedures and controls reasonably designed to prevent K-One from being used to facilitate money laundering, in that **SU CHUL LEE** failed to create and retain adequate records and obtain proper verification of the identity of the customer presenting the transaction, as well as the identity of the person or entity on whose behalf such transaction was being effected; and did so as part of a pattern of illegal activity involving more than \$100,000 in a 12 month period, that is, approximately \$1,988,248.43, over the time periods set forth below:

<i>Count</i>	<i>Dates</i>	<i>Total Dollar Amount</i>
5	July 2002-December 2002	\$ 793,843.78
6	January 2003-December 2003	\$1,194,404.65

All in violation of Title 31 United States Code, Sections 5318(h) , 5322(b); 31 Code of Federal Regulations, Sections 103.125 and 103.28.

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PATRICK L. MEEHAN  
United States Attorney  
Eastern District of Pennsylvania